

Media release (03.03.2008)

Apartment price decline still continuing

As follows from the real estate market overview prepared by the company “Arco Real Estate”, in February the prices of standard-type apartments decreased by another 2%.

In February the price reduction has remained on a high level, and the prices of standard-type apartments decreased by 2% during this month. The average standard-type apartment price as per March 1, 2008 has reached **1346 EUR/m²**; thus, the present prices are already by 7% lower than in the beginning of 2007 when the price of an average non-renovated apartment was 1450 EUR/m².

This price decline may be partially explained by individual forced sale cases when standard-type apartments were sold at prices which were by 10-30% lower than the market prices of the apartments. In general, the apartment market activity was low, and a decrease of activity of buyers was observed during the first two weeks of February. Buyers, in general, are still taking an expectant position, and, therefore, the current market situation may be characterised as stagnating.

Traditionally, the highest price level on March 1 was observed at Teika, where the average price of 1 m² was 1537 EUR, at Mežciems, where the average price of 1 m² was 1433 EUR, and at Purvciems, where the average price of 1 m² was 1425 EUR. But the lowest prices on March 1 were observed at Bolderāja, where the average price of 1 m² was 1212 EUR, at Ķengarags and Vecmīlgrāvis, where the average price of 1 m² was 1306 and 1332 EUR, respectively.

Comparison of the price level of March 1 with the price level of February 1 shows that the biggest price difference was observed at Purvciems (by 12% lower), Ķengarags (by 11% lower) and Pļavnieki (by 10% lower), but the smallest price difference was observed at Ilģuciems and Āgenskalns, where the prices were by 3% and 4% lower.

On March 1, the most expensive apartments still were the so-called 119th series apartments (price of a two-room apartment varied from 75 to 80 thousand EUR depending on the housing area) and the so-called 104th series apartments (price of a two-room apartment varied from 69 to 80 thousand EUR depending on the housing area). But the cheapest houses were the so-called Khrushchev-time houses, where the price of a two-room apartment varied from 53 to 63 thousand EUR and the so-called Lithuanian design houses, where the price of a two-room apartment varied from 53 to 64 thousand EUR depending on the housing area.

„Arco Real Estate” is carrying out monthly price researches also in the settlements closest to Riga. So, for example, the average prices of March 1 at Kauguri if compared with the prices of February 1 were decreased by 3%, and the average price was 1238 EUR/m². The price of standard-type apartments located at Salaspils and Ogre has decreased by 1% in average, so that the current price level is, respectively, 1247 EUR/m² and 1296 EUR/m², but in Jelgava the prices have practically remained unchanged (decreased only by 0.7%), so that the average price is 1079 EUR/m².

Detailed information may be found on the web page of Arco Real Estate at www.arcoreal.lv.

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